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FISCAL IMPACT STATEMENT

LS 7064

BILL NUMBER: HB 1461

NOTE PREPARED: Jan 1, 2005

BILL AMENDED:

SUBJECT: Tuition Rates for State Educational Institutions.

FIRST AUTHOR: Rep. Goodin

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill limits the amount by which Indiana University, Purdue University, Ball State University, Indiana State University, and the University of Southern Indiana, including their regional campuses and satellite locations, may increase tuition for an undergraduate student who is an Indiana resident during a period of four academic years, beginning with the academic year in which the student first enrolls in the institution. It allows the state educational institution to adopt a policy limiting tuition increases for nonresident undergraduate students.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: The bill states that beginning with the 2006-2007 academic year, the tuition charged a returning undergraduate student who is a resident of Indiana may not be increased annually by more than the percentage increase in the Indiana Nonfarm Personal Income for the preceding year. The bill could reduce future revenue options or funding sources universities currently have available since they could be limited in the tuition increase for students. The impact would depend on the action of the universities. The universities might offset the possible revenue reduction by reducing expenditures, raising or inflating fees of incoming students to offset anticipated expenditure increases, or increasing revenue from nontuition sources. Nontuition sources could include grants, certain student fees, or donations. This would not restrict universities from increasing tuition for returning nonresident students.

Background Information: For the 2003-2004 academic year, returning Indiana students had a 5% or less

increase in tuition. The average increase in tuition for first-time entry Indiana students was 14%. The Indiana Nonfarm Personal Income grew by 4.4% from CY 2003 to CY 2004. It is projected to grow by 4.7% in CY 2005 and 4.9% in CY 2006.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Universities.

Local Agencies Affected:

Information Sources: *Postsecondary Education Tuition and Required Fees in Indiana:2003-04* by the Indiana Commission for Higher Education; Economic Forecast Committee, December 14, 2004, Forecast.

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